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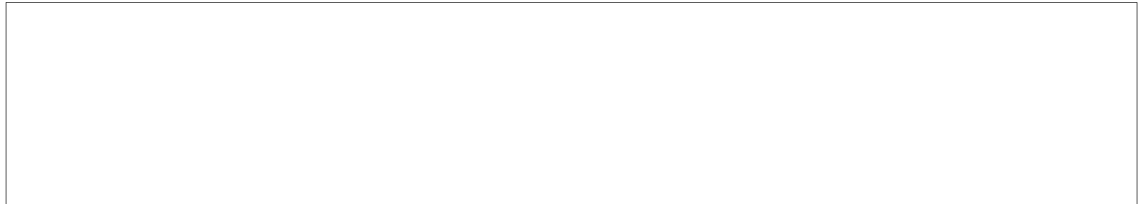


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CUBA-US: Reaction to SR-71 Flight

[] Havana has reacted in a relatively restrained way to the special US SR-71 reconnaissance mission that recently overflew the island and to US press coverage of MIG-23 aircraft in Cuba. 25X1

[] We have no confirmation [] of press reports that the entire Cuban military was put on alert in reaction to the SR-71 mission. 25X1

[] In any case, no regime spokesman has publicly commented on the overflight or on the presence of the MIG-23 aircraft. 25X1

[] Mid-level Cuban representatives, in conversations with US officials in Washington, have expressed amazement that the US was making an issue of the MIG-23s, which the Cubans stress are only for defensive purposes. They also say the MIG-23s are the standard follow-on to MIG-21s such as those now in the Cuban inventory. 25X1

[] The Cuban officials implied that the US was making an issue of the MIG-23 presence for domestic political reasons. Havana press assertions that Cuban President Castro may soon announce the release of a large number of political prisoners--a move the Cubans expect to be well received by the US--suggest that Havana does not want to adopt a provocative stance toward Washington at this time and thus endanger prospects for improved relations over the longer term. 25X1

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support to take over as long as opposition leader Khomeini retained his strength.//

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//Moharram will be the critical time. Serious bloodshed during the month could severely test the military's loyalty to the Shah. If the military is able to control the situation, however, the current belief in the inevitability of a Khomeini victory might be reversed and a new government successfully formed.//

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At a news conference yesterday, President Giscard referred to Khomeini's presence and stated that calls to violence cannot be launched from France. He added that Khomeini, whose visa expires in early January, is not in France as a political refugee.

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//Despite these remarks, the French probably continue to see more advantages than disadvantages in having Khomeini on hand

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IRAN: No Political Progress

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//Although the military government in Iran has been relatively successful in reestablishing law and order during the past two weeks, there has been no progress toward a political solution. The Shah still hopes to form a civilian coalition government sometime after Moharram, the Muslim month of mourning that begins on 2 December. It is unlikely that any civilian government could function effectively, however, unless opposition leader Khomeini were neutralized. Observers generally agree that Moharram will be a severe test for the government and for the military's loyalty to the Shah.//

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//Violence in Tehran and provincial cities has been greatly reduced, and most strikers in the key petroleum industry have returned to work. There are reports, however, that some of the returnees are not working productively and that hard-core strikers are still trying to intimidate their colleagues.//

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Prime Minister Azhari, in a newspaper interview yesterday, outlined three phases of his governmental program--end street violence, return strikers to work, and end government corruption. Azhari said he hopes to hand over his office to a successor once these are accomplished.

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//Military control is not popular in Iran and is not seen as a long-term remedy for the country's ills. Although many welcomed the military's new role at this time as the only alternative to chaos, suspicion is widespread that the military's failure to prevent the rioting on 5 November was deliberate in order to give the Shah the rationale for installing a military government.//

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//The Shah, meanwhile, is continuing to search for a coalition government that would allow eventual progress toward elections. Like Azhari, he sees military government as only a temporary expedient. The Shah has indicated that the Azhari government refers all issues to him for decision and that the military will not stand in the way of an eventual political solution.//

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//Nonetheless, it is difficult to envisage circumstances any time soon in which the military would be able to turn over control to a civilian government without a renewal of violence. It is also unlikely that any civilian government would have the necessary

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PORTUGAL: Returns Spell Trouble

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[] Results of a municipal election on Sunday in southern Portugal will fuel speculation that the country is becoming increasingly polarized. The Communists won handily in Evora, a leftist stronghold, but the rightist Social Democrats--campaigning for a nationwide center-right alliance to curb leftist influence--finished a surprisingly strong second. The vote for Socialists and Center Democrats was dramatically reduced compared with the 1976 election. The agricultural policies of Prime Minister Nobre da Costa's caretaker regime were the major issue, and the election outcome could mean trouble for Prime Minister - designate Mota Pinto who has pledged to continue these policies.

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[] The caretaker government has been returning agricultural lands, seized by the Communists in 1975, to the legal owners. To both Nobre da Costa and Mota Pinto, this effort is a step toward the basic agricultural reforms Portugal needs to increase productivity in the south and reduce dependence on food imports.

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[] A leading Socialist spokesman stated, however, that in their vote Sunday the people had rejected this approach and that their will should now be taken into account. If the Socialists should lend their weight in the National Assembly to Communist efforts to stop the devolutions, the reforms could be postponed indefinitely.

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[] The election results provide one more indication that the Socialists are in trouble. Their ineffectiveness in government, their compromises with both the right and left, and their more recent run-ins with President Eanes have cut significantly into their popular support and added to public disillusionment with politics in general.

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[] The results from Evora virtually mirror those of a northern provincial election two months ago. While these samples may not be representative of the country, they do strengthen the possibility that Socialist losses in the next legislative election--to be held perhaps as early as mid-1979--could be much heavier than previously expected.

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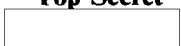
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 Such a decline in the strength of the single Portuguese party capable of bridging the gap between left and right would be particularly worrisome as the Portuguese address the political and institutional reforms that many observers consider necessary over the next several years. Unless the decline can be checked, or unless some other moderate force emerges, polarization--which could bring with it political confrontation, continued government instability, and economic difficulties--would be likely. 

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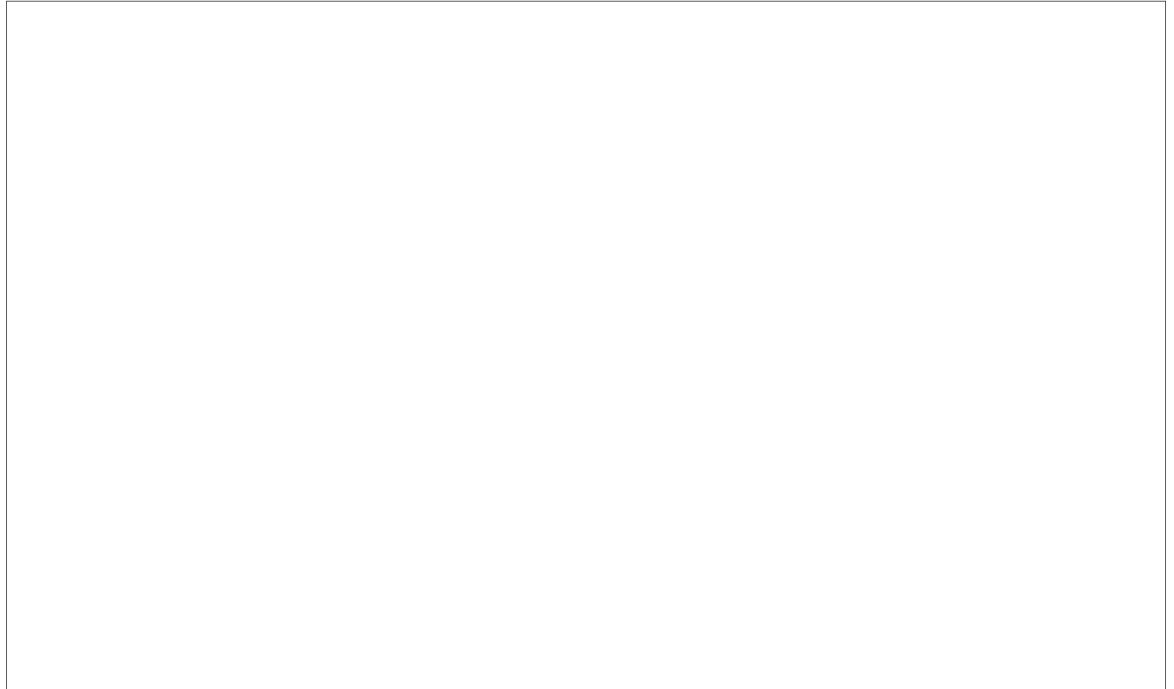


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BRIEFS



Chad-USSR

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[] Chadian President Malloum, who visited France last week, has decided to replace a 29-man Soviet medical assistance program--part of a relatively modest Soviet aid effort in Chad--with French personnel. Moscow has reacted by canceling plans for the return of some 60 vacationing Soviet teachers, doctors, and other technicians; another 30 are in Chad pending further developments. Thus far there is no indication Malloum is considering canceling Moscow's military program, which includes planned deliveries next year of ammunition and some outdated combat equipment.

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[] Malloum's decision emanates from a longstanding dispute with Moscow over how much the financially strapped Chadian Government should pay for Soviet help. The issue has held up negotiations on a new aid package

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since January. The minimal Soviet demands are considerably more expensive than the aid provided by France, Chad's principal overseas donor and major military benefactor. Malloum has shown increasing interest in recent months in lining up development assistance to revive Chad's war- and drought-ravaged economy.

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[redacted] Besides Paris, Malloum recently visited Peking, where he negotiated both economic and military agreements. He also plans to visit Bonn, Brussels, and several Arab countries. [redacted]

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